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WELFARE, FLEXIBILITY AND THE GIG ECONOMY: WHERE DO THE LABOUR CODES STAND?

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Step outside in any Indian city, and the gig economy is impossible to miss. Delivery riders weave through traffic. App-based drivers wait for ride requests. Service providers log in to platforms, hoping for the next task. Companies like Uber and Swiggy have changed not just how we consume services, but how work itself is organised.

For many workers, gig platforms offer flexibility and quick entry into the labour market. But flexibility often comes with trade-offs: no fixed salary, no paid leave, no guaranteed social security. For years, gig workers existed in a grey area, neither traditional employees nor fully independent entrepreneurs. This legal ambiguity made regulation inevitable.

THE FOUR LABOUR CODES

Between 2019 and 2020, India undertook one of its biggest labour law reforms. Twenty-nine central labour laws were consolidated into four new codes:

- Code on Wages
- Industrial Relations Code
- Code on Social Security
- Occupational Safety, Health and Working Conditions Code

While all four are important, gig workers are primarily addressed under the Code on Social Security, 2020.

This is where the real shift happens.

THE FIRST BIG RECOGNITION

For the first time in Indian labour law, “gig workers” and “platform workers” are clearly defined¹. This might sound technical, but it matters. Before this, gig workers had no clear place in labour legislation. Now, they are officially acknowledged as a distinct category within the

¹ Code on Social Security, 2020, No. 36 of 2020, §§ 2(35), 2(61), India Code (2020).

workforce. Recognition is the first step in regulation. Once a category exists in law, it becomes harder to ignore.

SOCIAL SECURITY: WHAT'S ON THE TABLE?

The Social Security Code allows governments to design welfare schemes specifically for gig and platform workers². These may include:

- Life and disability insurance
- Health benefits
- Maternity support
- Old-age protection

It also introduces the idea that digital platforms refer to as “aggregators”, where companies should contribute a percentage of their turnover to a social security fund for gig workers³. This is a significant principle: platforms benefiting from gig labour share responsibility for worker welfare. A 2022 report by NITI Aayog estimates that India’s gig workforce is expected to grow rapidly in the coming years⁴. As this segment expands across logistics, transportation, and services, bringing it under some form of social protection becomes crucial.

WHAT'S STAGNANT?

At the same time, the reforms are not revolutionary. It is argued that the Code may not go far enough in protecting gig workers. Gig workers are still not classified as “employees.” That means they do not automatically receive:

- Guaranteed minimum wages
- Provident fund benefits
- Strong protection against termination
- Full collective bargaining rights

Instead, the law creates a separate category of workers who are recognised, but not equivalent to traditional employment. This reflects a cautious approach. Rather than forcing platform work into older employment definitions, the government has opted for a middle path: extend social security without redefining employment status.

Whether that middle path is sufficient is a matter of debate.

WELFARE VS RIGHTS

One way to understand the reform is to see it as welfare-focused rather than rights-focused.

² Code on Social Security, 2020, No. 36 of 2020, § 109, India Code (2020).

³ Code on Social Security, 2020, No. 36 of 2020, §§ 2(3), 114, India Code (2020).

⁴ NITI Aayog, India’s Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work (2022).

A welfare approach means the government can design schemes and provide benefits. A rights-based approach would give workers legally enforceable entitlements that they can claim if denied.

The current framework leans toward welfare. It creates the possibility of benefits, but much depends on how schemes are framed and implemented. It is the funding mechanisms, administrative capacity, and enforcement that determine whether these protections are meaningful or merely symbolic.

Policy observers, including organisations like PRS Legislative Research, have pointed out that many provisions of the Codes require detailed rules before they can function effectively⁵. In other words, the law sets the stage, but the real performance depends on implementation.

A SILVER LINING

Despite its limitations, the inclusion of gig workers in primary labour legislation is a notable development.

It signals that the State recognises that the world of work is changing. Platform-based labour is not temporary or marginal; it is becoming central to India's economic growth story. Ignoring it would have been easier. Engaging with it, even cautiously, reflects an attempt to adapt regulation to technological change.

The gig economy thrives on flexibility and low entry barriers. Overregulation could discourage innovation or reduce opportunities. At the same time, leaving workers entirely unprotected risks deepening economic insecurity. The Labour Codes attempt to balance these competing concerns.

THE WAY AHEAD

Ultimately, the success of the Labour Codes will not be measured by the text alone. It will depend on how social security schemes are rolled out, whether aggregator contributions are effectively collected, and how accessible benefits are to workers on the ground.

The gig economy in India is set to expand. The more pressing question is whether its regulatory framework will mature alongside it.

The four Labour Codes may not solve every problem faced by gig workers. But they move the conversation forward from invisibility to recognition, and from regulatory silence to structured engagement. In a rapidly evolving labour market, these Labour Codes stand to be a meaningful starting point.

⁵ PRS Legislative Research, Three Bills on Industrial Relations, Social Security and Occupational Safety (2021)